

**Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193**

February 9, 2006

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

FEB 10 2006

PUBLIC SERVICE
COMMISSION

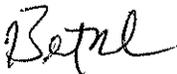
RE: Public Gas Company
Case No. 2006-00054
Interim GCR Filing Proposed to Become
Effective March 1, 2006

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective March 1, 2006. Also included are an original and five copies of 36th revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff. Please note that this is an interim filing. Public Gas wishes to pass expected March decreases in its purchased gas cost through to its customers effective March 1, 2006.

This filing proposes a GCR rate of \$9.3645 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: February 10, 2006

Date Rates to be Effective: March 1, 2006

Reporting Period is Calendar Quarter Ended: April 30, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|--------------------------------|-------------|---------------|
| Expected Gas Cost (EGC) | \$/Mcf | 9.3519 |
| + Refund Adjustment (RA) | \$/Mcf | |
| + Actual Adjustment (AA) | \$/Mcf | .0126 |
| + Balance Adjustment (BA) | \$/Mcf | |
| = Gas Cost Recovery Rate (GCR) | | 9.3645 |

GCR to be effective for service rendered from February 1, 2006 to April 30, 2006

| A. | <u>EXPECTED GAS COST CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|----|---|-------------|---------------|
| | Total Expected Gas Cost (Schedule II) | \$ | |
| ÷ | Sales for the 12 months ended _____ | Mcf | |
| = | Expected Gas Cost (EGC) | \$/Mcf | |
| B. | <u>REFUND ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
| | Supplier Refund Adjustment for Reporting Period (Sch.III) | | |
| + | Previous Quarter Supplier Refund Adjustment | \$/Mcf | |
| + | Second Previous Quarter Supplier Refund Adjustment | \$/Mcf | |
| + | Third Previous Quarter Supplier Refund Adjustment | \$/Mcf | |
| = | Refund Adjustment (RA) | \$/Mcf | |
| C. | <u>ACTUAL ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
| | Actual Adjustment for the Reporting Period (Schedule IV) | \$/Mcf | .0977 |
| + | Previous Quarter Reported Actual Adjustment | \$/Mcf | (.0469) |
| + | Second Previous Quarter Reported Actual Adjustment | \$/Mcf | (.0949) |
| + | Third Previous Quarter Reported Actual Adjustment | \$/Mcf | |
| | | | .0567 |
| = | Actual Adjustment (AA) | \$/Mcf | .0126 |
| D. | <u>BALANCE ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
| | Balance Adjustment for the Reporting Period (Schedule V) | \$/Mcf | |
| + | Previous Quarter Reported Balance Adjustment | \$/Mcf | |
| + | Second Previous Quarter Reported Balance Adjustment | \$/Mcf | |
| + | Third Previous Quarter Reported Balance Adjustment | \$/Mcf | |
| = | Balance Adjustment (BA) | | |

SCHEDULE II
EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended July 31, 2005

| (1) Supplier | (2) Dth | (3) BTU Conversion Factor | (4) Mcf | (5)** Rate | (6) (4) X (5) Cost |
|-----------------|------------|---------------------------------|------------|---------------|--------------------------|
| GAS PURCH | | | MCF | | SALES MCF |
| August - 04 | | | 2,429 | 9.3519 | 2,371 |
| September - 04 | | | 2,517 | 9.3519 | 2,480 |
| October - 04 | | | 4,608 | 9.3519 | 4,494 |
| November - 04 | | | 10,151 | 9.3519 | 9,893 |
| December - 04 | | | 22,205 | 9.3519 | 21,704 |
| January - 05 | | | 20,182 | 9.3519 | 19,763 |
| February - 05 | | | 20,377 | 9.3519 | 19,751 |
| March - 05 | | | 21,172 | 9.3519 | 20,576 |
| April - 05 | | | 6,713 | 9.3519 | 6,611 |
| May - 05 | | | 5,475 | 9.3519 | 5,295 |
| June - 05 | | | 2,524 | 9.3519 | 2,453 |
| July - 05 | | | 1,783 | 9.3519 | 1,761 |
| | | | 120,136 | | 117,152 |

Line loss for 12 months ended July 31, 2005 is 2.48% based on purchases of
120,136 Mcf and sales of 117,152 Mcf.

| | Unit | Amount |
|---|--------|--------|
| Total Expected Cost of Purchases (6) | \$ | |
| ÷ Mcf Purchases (4) | Mcf | |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | |
| x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95) | Mcf | |
| = Total Expected Gas Cost (to Schedule IA) | \$ | |

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
 **Supplier's tariff sheets or notices are attached.

\$9.3519 Per Attached Schedule

Jefferson Gas, LLC

02/09/06

Expected gas price, March 2006, and April 2006

Public Gas has asked for an estimate of their gas price for the months of March 2006 and April 2006.

| | Gas price* to Public Gas |
|-------|--------------------------------|
| March | 9.04 |
| April | 9.20 |

*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on February 9, 2006.

| | |
|---------|---|
| 9.0400 | + |
| 9.2000 | + |
| 18.2400 | * |
| 18.2400 | ÷ |
| 2.0000 | = |
| 9.1200 | + |
| 9.1200 | * |
| 9.1200 | ÷ |
| 0.9752 | = |
| 9.3519 | + |
| 9.3519 | * |

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period)

| <u>Particulars</u> | <u>Unit</u> | <u>Amount</u> |
|--|-------------|---------------|
| Total supplier refunds received | \$ | |
| + Interest | \$ | |
| <hr/> | | <hr/> |
| = Refund Adjustment including interest | \$ | |
| ÷ Sales for 12 months ended | Mcf | |
| <hr/> | | <hr/> |
| = Supplier Refund Adjustment for the Reporting Period (to Schedule IB.) | \$/Mcf | |

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended October 31, 2005

| <u>Particulars</u> | <u>Unit</u> | <u>Month 1 (Aug 05)</u> | <u>Month 2 (Sep 05)</u> | <u>Month 3 (Oct 05)</u> |
|---|-------------|------------------------------|-----------------------------|-----------------------------|
| Total Supply Volumes Purchased | Mcf | 1,767 | 1,898 | 4,503 |
| Total Cost of Volumes Purchased | \$ | 15,319.89 | 19,131.84 | 48,767.49 |
| ÷ Total Sales (may not be less than 95% of supply volumes) | Mcf | 1,717 | 1,870 | 4,409 |
| = Unit Cost of Gas | \$/Mcf | 8.9225 | 10.2309 | 11.0609 |
| - EGC in effect for month | \$/Mcf | 8.9764 | 8.9764 | 8.9764 |
| = Difference [(over-)/Under-Recovery] | \$/Mcf | (.0539) | 1.2545 | 2.0845 |
| x Actual sales during month | Mcf | 1,717 | 1,870 | 4,409 |
| = Monthly cost difference | \$ | (92.55) | 2,345.92 | 9,190.56 |
| | | | <u>Unit</u> | <u>Amount</u> |
| Total cost difference (Month 1 + Month 2 + Month 3) | | | \$ | 11,443.93 |
| ÷ Sales for 12 months ended July 31, 2005 | | | Mcf | 117,152 |
| Actual Adjustment for the Reporting Period (to Schedule IC.) | | | \$/Mcf | .0977 |

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period)

| | <u>Particulars</u> | <u>Unit</u> | <u>Amount</u> |
|-----|--|-------------|---------------|
| (1) | Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR | \$ | |
| | Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. | \$ | |
| | Equals: Balance Adjustment for the AA. | \$ | _____ |
| (2) | Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. | | |
| | Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. | \$ | |
| | Equals: Balance Adjustment for the RA | \$ | _____ |
| (3) | Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR | \$ | |
| | Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. | \$ | |
| | Equals: Balance Adjustment for the BA. | \$ | _____ |
| | Total Balance Adjustment Amount (1) + (2) + (3) | \$ | _____ |
| ÷ | Sales for 12 months ended _____ | Mcf | _____ |
| = | Balance Adjustment for the Reporting Period (to Schedule ID.) | \$/Mcf | |

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 1

36th Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 1

35th Revised SHEET NO. 1

Public Gas Company
(Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rates, Monthly:

| | | | Base Rate | Gas Cost | Rate per Unit (Mcf) |
|----------|------------|--------------|--------------|-------------|------------------------|
| First | 0 to 1 Mcf | Minimum Bill | 3.2705 | 9.3645 | 12.6350 |
| All Over | 1 Mcf | | 2.1505 | 9.3645 | 11.5150 |

DATE OF ISSUE February 10, 2006
Month / Date / Year

DATE EFFECTIVE March 1, 2006
Month / Date / Year

ISSUED BY Bert R. Layne
(Signature of Officer)

TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____